

Reader's Guide to the *Executive Budget/* *Budget Report*

Executive Budget

The Governor is mandated by the West Virginia Constitution to submit a budget for the next fiscal year to the Legislature and to the citizens of the state. The Executive Budget presents a complete plan of estimated revenues and proposed expenditures for the fiscal year, any recommendations the Governor may desire to make as to the important features of the budget, and any suggestions as to methods for reduction or increase of the State's revenues.

In essence, the budget document is the means by which the Governor presents a continuous and timely flow of accurate information relative to the financial condition of the State. In addition, the document features relevant information concerning the needs and operations of the various agencies and departments of the State through narrative and financial detail.

The budget is presented in three separate documents:

- The ***Budget Report*** offers supplemental budgetary information such as the executive message, financial statements, budget planning, economic forecast, capital projects, and federal programs. It is described below in greater detail.
- The ***Operating Detail*** contains narrative and financial information on all the departments/bureaus/commissions, divisions, and programs of state government.
- The **Budget Bill** includes the language required to legally enact the budget or appropriations bill. Upon passage by the Legislature, the Budget Bill becomes the Budget Act and appropriates by spending unit the expenditures necessary for the economical and efficient discharge of the duties and responsibilities of the state and its agencies during the next fiscal year.

Budget Report

The Budget Report contains:

- "Governor's Executive Message"—major goals/objectives addressed by the budget.
- "Summary Financial Statements"—an overview of available revenues, expenditures, bonded indebtedness, and fund balances.
- "Budget Planning"—background material such as:
 - * The budget process including the budget calendar.
 - * A detailed explanation of major revenue sources and the distribution of funds.
 - * Schedules of budgeted, full-time equivalent permanent positions.
- "Long-Range Issues"—an overview of how the State is addressing major long-range issues and concerns.
- "Debt Summary"—information relating to the general, special, and moral obligations of the State, including summary of general long-term debt and debt service requirements.
- "Economic Forecast"—a comprehensive, up-to-date forecast and analysis of the economy as it relates to West Virginia and to the nation.

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- “Capital Projects”—projects/programs currently funded in FY 2004, recommended for FY 2005 (with brief descriptions), and projected for FY 2006 through FY 2009.
- “Federal Programs”—a summary of each federal program for the state detailing the sources of funds, estimated revenues, descriptions of each program, and other pertinent information.
- “State Profile”—a profile of West Virginia with relevant historical, geographical, and demographical information.
- “Appendices”—a glossary of budgetary terms and a list of the commonly used acronyms.

Reader's Guide to the Executive Budget/Operating Detail

The Executive Budget

The Governor is mandated by the West Virginia Constitution to submit a budget for the next fiscal year to the Legislature and to the citizens of the state. The Executive Budget presents a complete plan of estimated revenues and proposed expenditures for the fiscal year, any recommendations the Governor may desire to make as to the important features of the budget, and any suggestions as to methods for reduction or increase of the State's revenues.

In essence, the budget document is the means by which the Governor presents a continuous and timely flow of accurate information relative to the financial condition of the State. In addition, the document features relevant information concerning the needs and operations of the various agencies and departments of the State through narrative and financial detail.

The budget is presented in three separate documents: the Operating Detail, Budget Report, and the Budget Bill.

The Operating Detail contains narrative and financial information on all the departments/bureaus/commissions, divisions, and programs of state government and is described below in greater detail.

The Budget Report offers supplemental budgetary information such as the executive message, budget planning financial statements, economic forecast, capital projects, and federal programs.

The Budget Bill includes the language required to legally enact the budget or appropriations bill. Upon passage by the Legislature, the Budget Bill becomes the Budget Act and appropriates by spending unit the expenditures necessary for the economical and efficient discharge of the duties and responsibilities of the State and its agencies during the next fiscal year.

Organization of the State Government

The State government's organizational structure as set forth in the West Virginia Constitution consists of three main branches: executive, legislative, and judicial. The executive branch contains the following constitutional offices: Governor, Auditor, Treasurer, Agriculture, Attorney General, and Secretary of State. The legislative branch is made up of the Senate and the House of Delegates. The judicial branch consists of the Supreme Court of Appeals.

The West Virginia Code has further organized the executive branch of the state into eight departments (Administration, Education, Education and the Arts, Environmental Protection, Health and Human Resources, Military Affairs and Public Safety, Tax and Revenue, and Transportation,) three bureaus (Commerce, Employment Programs, and Senior Services), and the Higher Education Policy Commission. Remaining units are organized into Miscellaneous Boards and Commissions.

A graphic depiction of the state's organizational structure is on page xvii.

Contents of the Operating Detail

The Operating Detail begins with the "Summary Financial Statements" which give a quick overview of available revenues, expenditures, bonded indebtedness, and fund balances.

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Specifically, the “Summary Financial Statements” section provides information on estimated receipts and disbursements and fund balances for the general revenue fund, state road fund, and lottery fund; cash and investment balances of all funds; a combined statement of revenues, expenditures, and changes in fund balances for appropriated general, federal, special, and other budgeted funds; and recommended appropriations from the general, federal, special, and other funds, including any recommended supplemental or surplus appropriations.

Narrative Information

The major portion of the Operating Detail consists of narrative information about the departments, bureaus, commissions, divisions, and programs of state government. In order to easily and quickly locate the major departments, bureaus, and commissions, tabbed dividers are provided.

The activities and responsibilities of each section—department/bureau/commission, division, and program—are explained through narrative descriptions which give missions, operations, goals/objectives, and performance measures. In general, the divisions and programs are alphabetized, although they may be preceded by the administration/operations section.

At the beginning of the narrative section for each department, bureau, and commission is an organizational chart that graphically details how each is internally structured.

Department and bureau pie charts have been provided to show the “Total Available Funds” by source and the “Recommended Expenditures” by division or program. The sources of funds are General Revenue Funds, State Road Funds, Federal Funds, and Special Revenue Funds and include both estimated beginning balances and estimated revenues for fiscal year (FY) 2005. For a more detailed explanation of these fund (revenue) sources, see the information provided in the “Budget Planning” section of the Budget Report. Although recommended expenditures are generally provided at the division level, additional pie charts have been provided to furnish the reader more detailed information for certain major expenditure categories.

Financial Information

Following each division narrative is a spreadsheet entitled “Expenditures” which details the Governor’s recommended spending plan for FY 2005. The information is divided into two sections: “Expenditure by Program” and “Expenditure by Fund.”

Both sections contain information for FY 2003 through FY 2005. “FY 2003 Actuals” reflect expenditures that occurred in the preceding fiscal year (as reported by the state auditor).

“FY 2004 Budgeted” shows planned expenditures for the current fiscal year as reflected on the agencies approved expenditure schedules. “FY 2005 Requested” shows the agency’s anticipated expenditures for the next fiscal year. “Governor’s Recommendations” reflect the governor’s proposed budget for FY 2005.

The first section, “Expenditure by Program,” details expenditures for each program that the division operates to fulfill its mission. The information also reflects total budgeted, full-time equivalent (FTE) positions as of November 30, 2003, for each program. Because the State of West Virginia does not appropriate spending authority at the program level, it should be noted that the “Governor’s Recommendation” is reflected as a division total for all programs.

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The second section, "Expenditure by Fund," outlines major items of expenditure by source of funding (General Fund, State Road Fund, Federal Fund, Appropriated Special Revenue Fund, and Nonappropriated Special Revenue Fund). Each funding source reflects expenditures for FY 2003 through FY 2005 as detailed above. For most divisions, the items of expenditure are as follows: "Total Personal Services," "Employee Benefits," and "Other Expenses." If applicable, the information includes expenditures that are funded from reappropriated dollars or reimbursements from other divisions. This section also reflects FTE positions. Generally, the Governor's recommended FTE positions for FY 2005 are the number of budgeted FTE positions as of November 30, 2003, plus any recommended additional positions related to improvements.

Performance Measures

State agencies are required to submit program-level performance measures as part of the appropriation request process. Performance measures are a tool used by all levels of management, as well as the public, to determine whether a program is accomplishing its mission efficiently and effectively. Although every effort is made to provide services at the lowest possible unit, it is most important to ensure the program provides a measurable benefit to the citizens it is designed to serve.

The focus for the FY 2005 performance measures is to show the trend of the program's performance for the three most current fiscal years (FY 2001 to FY 2003) and the performance level goals the program is trying to achieve in FY 2004 and FY 2005 based on current level funding. For FY 2003, both projected and actual performance data is shown to provide information on the success of the agency in meeting their goals. The program data may be formatted in either the State fiscal year (July 1–June 30), calendar year (January 1–December 31), or federal fiscal year (October 1–September 30) depending upon the established guidelines for the program. The measures should be in terms of the benefits or impacts a program has on its clients.

Although appropriations are not currently based on the performance measures reported by the programs, this process encourages managers to learn and become more accustomed to measuring their programs and, also, helps them to make more informed decisions on where to allocate funds to best serve their clients.

Appendices

The Appendices contain a glossary of commonly used budgetary terms, a glossary of acronyms, and an index that enables readers to quickly locate any department, bureau, commission, division, or program information.